

November 19, 2012

Testimony to the House Insurance Committee on SB1293 and SB1294

Good morning Chairman Lund and committee members, thank you for this opportunity to give testimony. My name is Ruth Linnemann, I am the Advocacy and Programs Director for the National Multiple Sclerosis Society, Michigan Chapter.

SB1293 as passed makes it possible for all insurers, including Blue Cross Blue of Michigan to reject Medigap applications from people with pre-existing conditions. Changes such as those proposed by Attorney General Shuette are needed to maintain the current Medigap policy access. In addition, the long-range implications of SB1293 and 1294 and their impact on consumers must be thoroughly investigated.

In Michigan there are 334,000 people under the age of 65 receiving Social Security disability benefits. These are people who have a medical condition developed in their adult life that make it impossible for them to work – multiple sclerosis, cancer, lupus, kidney disease, arthritis are examples . The average age of at the time they become disabled is 49. Their average monthly benefit is \$1200. These incurable diseases and their associated medical costs last a lifetime. Two years after they begin receiving Social Security these individuals become eligible for Medicare.

When anyone turns 65 they are immediately eligible for Medicare. Federal law requires that seniors can purchase a Medigap policy to manage costs of Medicare co-pays and deductibles and many expenses that are not covered by Medicare. These protections DO NOT extend to people on Social Security Disability with Medicare coverage. Right now all insurance companies, other than BCBSM can reject applicants based on pre-existing condition and age.

The Affordable Care Act will have NO impact on Medigap policies. It is mostly state law that controls the availability and access to Medigap policies. Even after ACA implementation in 2014 insurance companies will be able to turn away bad risks and impose pre-existing condition exclusions on Medigap policy applicants - the ACA offers NO protection to Medigap applicants.

People with disabilities need to be able to manage their health care cost by having a standard monthly insurance premium expense. Exposure to 20% co-pay required by Medicare and the complete lack of coverage for medical equipment can cost some with MS or disabilities hundreds, and sometime thousands of dollars.

MS and most other disabling autoimmune diseases are diagnosed in mid-life when people have saved for retirement and emergencies. If the state eliminates the requirement that BCBSM must guarantee issue Medigap coverage, people with disabilities will quickly exhaust their savings and become eligible for Medicaid, at a much higher cost to the state.

The Senate passed version of SB 1293 preserves the premium protection of those who are already covered by a Medigap policy. If the law passes, there is no access nor premium protection for the people with MS and other condition when they become eligible for Medicare due to disability **after** the law passes.

Like many other consumer and senior groups we are very concerned the complexities and long-range implications of SB1293 and 1294 and ambiguous provisions of the Health and Wellness Foundation. Protections need to be expanded to assure that the Foundation funds are truly dedicated to support the health care costs of low-income seniors, people with disabilities and children.

In summary, people under age 65 on Medicare due to disability

- 1) need to guaranteed access to Medigap supplemental insurance regardless of age or disability to manage high medical cost.
- 2) will not be protected by the Affordable Care Act at ANY time in the future.

At a minimum, such protection could be provided by the modifications drafted by the Attorney General to SB1293. It is much preferred for action on SB1293 and SB1294 not to rushed for action before the end of the year. Michigan citizens with multiple sclerosis need you to keep our state's most vulnerable citizens at the forefront of your thoughts and actions.

Thank you.